



Hallandale Beach Community Redevelopment Agency Agenda Cover Memo

Meeting Date:	April 22, 2019		Item Type: (Enter X in box)	Resolution X	Ordinance	Other X	
Fiscal Impact: (Enter X in box)	Yes	No	Ordinance Reading: (Enter X in box)	1st Reading		2nd Reading	
		X	Public Hearing: (Enter X in box)	Yes	No X	Yes	No
Funding Source:	N/A		Advertising Requirement: (Enter X in box)	Yes		No X	
Account Balance:	N/A		RFP/RFQ/Bid Number:	N/A			
Contract/P.O. Required: (Enter X in box)	Yes	No	Project Number :	N/A			
Strategic Priority: (Enter X in box) Capital Improvements Goal 1 - Undertake Total Improvements of Public Realm <input type="checkbox"/> Goal 2 - Promote Public/Public and Public/Private Partnership <input type="checkbox"/> Promote Projects with Large-Scale Impacts Goal 1 - Issue a Request for Proposals (RFP) for NW infill Housing <input type="checkbox"/> Goal 2 - Issue a Request for Qualifications (RFQ) for Dixie Highway/Foster Road parcel <input type="checkbox"/> Priority Area: North West Quadrant <input type="checkbox"/> FEC Corridor <input type="checkbox"/> Southwest Quadrant <input type="checkbox"/> Northeast Quadrant <input type="checkbox"/> Southeast Quadrant <input type="checkbox"/>							
Sponsor Name:	Jeremy Earle, Executive Director		Department:	HBCRA			

Short Title:

A RESOLUTION OF CHAIR AND BOARD OF DIRECTORS OF THE HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY, HALLANDALE BEACH, FLORIDA, APPROVING THE SIXTH AMENDMENT TO DEVELOPMENT AGREEMENT BETWEEN THE HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY AND ICEBOX PANTRY RE, LLC; AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE SIXTH AMENDMENT TO DEVELOPMENT AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

Staff Summary:

Background:

On May 16, 2016 the HBCRA Board of Directors approved the Redevelopment Agreement between the HBCRA and Icebox Pantry RE, LLC for the construction of a one story, 9,300 sf. culinary arts center commissary/test kitchen, a 2,100 sf. greenhouse, a 2,700 sf. restaurant for a total of 14,100 sf. of commercial space to be developed on HBCRA owned parcels 219 NE 3 Street and 301 NE 3 Avenue, which are located immediately west of Art Square.

On October 19, 2016 the City Commission approved the site plan and redevelopment area modifications application for the Icebox Cafe and Culinary Center project via Resolution No. 2016-170 and Resolution No. 2016-171. The acquisition of the properties at 211 NE 3 Street and 215 NE 3 Street allows the developer of the Icebox to develop the full site.

HBCRA has an executed Redevelopment Agreement with Robert Siegmann, owner of the Icebox Pantry RE LLC (Developer). The developer has operations in multiple locations, including a commissary that is currently located at 913 SW 8th Avenue in Hallandale Beach. Due to growth in its business operations, Icebox Pantry has outgrown its current location. Because many of its employees live in or near the City of Hallandale Beach, the developer is committed to stay in the City and contribute to its growth. The redevelopment plans for the FADD District, along with the construction of the Art Square project and the new NE 3rd Street streetscape project makes this location very appealing to the developer and his partners.

On January 29, 2018 the HBCRA Board approved the fourth amendment to development agreement. This amendment included a \$200,000 Gap Grant to be reduced from \$113,000 to \$45,410 to engage Site Development for demolition. The fourth amendment also included a reduction in CRA financing from an aggregate of \$368,000 to an aggregate of \$300,410 and a contribution of \$25,000 towards the Community Benefits Plan.

On May 4, 2018 it was brought to the attention of the HBCRA that the Florida Attorney General filed a lawsuit against Ice Box Café for misleading claims. The HBCRA received and reviewed copies of the complaint filed against Icebox Café at Mia, LLC and Robert

Siegmann. Upon review HBCRA staff and Attorney Zelkowitz notified Mr. Robert Siegmann on May 14, 2018 of certain defaults per the Developers Agreement. Pursuant to section 11.1 of the Development Agreement the Developer must be in good standing under the laws of Florida, no pending, threatened, judicial, municipal or administrative proceedings, consent decrees or judgements. Pursuant to section 8.1(a) of the Development Agreement the Developer is allowed up to 90 days to cure the defaults. The final day to cure the default was August 13, 2018.

On August 7, 2018 HBCRA staff and Attorney Zelkowitz meet with Developers Robert Siegmann, Steven Sorenson and their attorney Adam Leichtling to discuss their current standing. They informed the HBCRA that they would like an extension to be granted to cure the default, as they are anxiously waiting on settlement of this lawsuit. Mr. Siegmann and Mr. Leichtling were optimistic that this matter would be resolved in a timely manner. Mr. Siegmann also informed the HBCRA that they were able to secure a loan for approximately \$5 Million. This loan would have allowed for construction of both the restaurant and the commissary in phase one.

HBCRA Staff and Attorney Zelkowitz recommended the Board approve the fifth amendment to Developers agreement to allow for staff to provide extension to cure the defaults upon

IceBox Pantry, LLC, showing good faith and documents as evidence and the construction of the commissary, parking and restaurant to constructed in phase one instead of in the separate phases.

On August 20, 2018 the HBCRA Board approved the fifth amendment to the developer's agreement, allowing the developers additional time to cure their default.

Current Situation:

Icebox Pantry RE LLC., is seeking an additional 60 days in order to close on a new loan for the project. As a sign of good faith, HBCRA Staff has agreed to one final amendment to the developer's agreement. The sixth (6th) amendment to the developer's agreement has the following stipulations:

1. Provides no more than sixty (60) days for the developer to close on the loan for the project. If the developers are not able to close on the loan, they will be in default of the developer's agreement, which will result in automatic and immediate termination of the agreement with no additional cure period.
2. If the developers closes on the loan within the sixty (60) day period, they must begin construction of the project no later than July 1, 2019. If they are not able to begin construction by that date, they are in default of the agreement and have thirty (30) days to cure. Additionally, at this point, the developer will have to pay approximately \$10,000 in HBCRA Attorney fees, which represents the cost to the CRA of all the additional work done on the various developer's agreements.
3. The agreement adds language allowing for the developer may sell, transfer and find other sources of investments such as the Opportunity Zone program.

Proposed Action:

Approval of Amendment 6 to the Developer`s Agreement to allow for a sixty (60) period to close on a loan and formalizes a July 1, 2019 date for construction commencement of the Icebox Pantry Re LLC., project.

Attachment(s):

Exhibit 1 – Resolution
Exhibit 2 – Development Agreement
Exhibit 3 – 1st Amendment to the Development Agreement
Exhibit 4 - 2nd Amendment to the Development Agreement
Exhibit 5 - 3rd Amendment to the Development Agreement
Exhibit 6 - 4th Amendment to the Development Agreement
Exhibit 7- 5th Amendment to the Development Agreement
Exhibit 8 - ROX Ice Term Sheet
Exhibit 9 – 6th Amendment to the Development Agreement

Reviewed by:



Dr. Jeremy Earle, Assistant City Manager/Executive Director